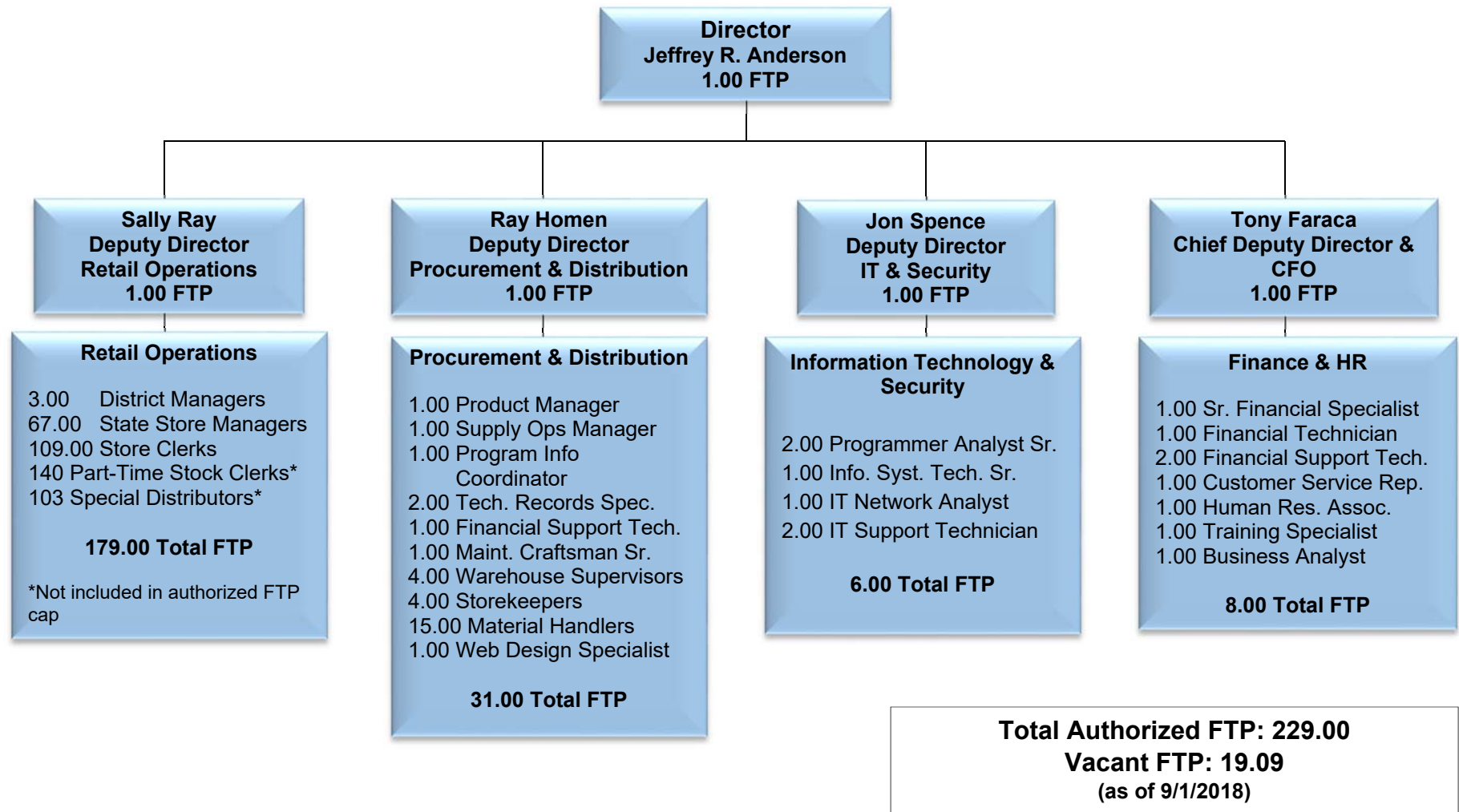


# State Liquor Division

## Agency Profile

Analyst: Smith

### Organizational Chart



# Liquor Division, State

Analyst: Smith

## FY 2018 Actual Expenditures by Division

			FTP	PC	OE	CO	T/B	LS	Total
<b>0.30</b>	<b>FY 2018 Original Appropriation</b>								
0418-00	Ded		224.00	13,238,000	6,218,900	699,500	0	0	20,156,400
<b>Totals:</b>			224.00	13,238,000	6,218,900	699,500	0	0	20,156,400
<b>1.00</b>	<b>FY 2018 Total Appropriation</b>								
0418-00	Ded		224.00	13,238,000	6,218,900	699,500	0	0	20,156,400
<b>Totals:</b>			224.00	13,238,000	6,218,900	699,500	0	0	20,156,400
<b>1.21</b>	<b>Net Object Transfer</b>								
0418-00	Ded		0.00	(96,700)	96,700	0	0	0	0
<b>Totals:</b>			0.00	(96,700)	96,700	0	0	0	0
<b>1.61</b>	<b>Reverted Appropriation</b>								
0418-00	Ded		0.00	(312,100)	(248,100)	(145,600)	0	0	(705,800)
<b>Totals:</b>			0.00	(312,100)	(248,100)	(145,600)	0	0	(705,800)
<b>2.00</b>	<b>FY 2018 Actual Expenditures</b>								
0418-00	Ded		224.00	12,829,200	6,067,500	553,900	0	0	19,450,600
	Liquor Control			12,829,200	6,067,500	553,900	0	0	19,450,600
<b>Totals:</b>			224.00	12,829,200	6,067,500	553,900	0	0	19,450,600
<b>Difference: Actual Expenditures minus Total Appropriation</b>									
0418-00	Ded			(408,800)	(151,400)	(145,600)	0	0	(705,800)
	Liquor Control			(3.1%)	(2.4%)	(20.8%)	N/A	N/A	(3.5%)
<b>Difference From Total Approp</b>				(408,800)	(151,400)	(145,600)	0	0	(705,800)
<b>Percent Diff From Total Approp</b>				(3.1%)	(2.4%)	(20.8%)	N/A	N/A	(3.5%)

**STATE OF IDAHO  
INTERNAL CONTROL REPORT  
BASIC FINANCIAL STATEMENTS FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**IDAHO STATE LIQUOR DIVISION (Division)**

**FINDING 2017-101**

Statutorily required distributions of excess funds are not supported by adequate documentation, and controls are not in place to ensure the accuracy of the amount distributed.

**Type of Finding:** Significant Deficiency

**Criteria:** The Division is required to distribute funds received into the Liquor Account (Fund 0418), in excess of an amount necessary to purchase liquor and pay administrative and operating costs, to the General Fund and to Idaho cities and counties based on the formula found in Idaho Code Section 23-404. All distributions shall be made periodically, but not less frequently than quarterly.

Should an estimate be involved in the calculation of distributions, management is responsible for establishing and documenting the process for preparing accounting estimates based on relevant, sufficient, and reliable data. This process should include a comparison of the prior accounting estimate with actual results to assess the reliability of the process and methodology used to develop the estimate.

The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment and control activities. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It provides a basis to develop appropriate responses to manage those risks. Control activities are policies and procedures that help ensure that management directives are carried out and risks are mitigated. Verifications, approvals, reconciliations, authorizations, and segregation of duties are all control activities that support this objective.

**Condition:** In evaluating the calculation of the amount distributed, we noted that the amounts of cash on hand, accounts receivable, and accounts payable were obtained on inconsistent dates to arrive at the base amount to be distributed. Additionally, no supporting documentation for the amounts used in the calculation was retained or could be provided.

Several years ago, the Division began using an approach to increase the distribution above the required amount based on their determination that they had excess idle cash on hand. This approach resulted in the use of an estimated cash flow projection in order to maximize the distribution. While reviewing this process, we noted that assumptions used in formulating the estimate, as well as a subsequent review of the prior-year cash flows, were not documented.

**Cause:** The approach to maximize distributions in prior fiscal years led to a departure from using verifiable data and the use of an estimated amount to make excess distributions. No formal process is in place to document the assumptions used in establishing the estimate or to complete a

retrospective review of the Division's cash flows. Furthermore, no control over the accuracy of the calculation, such as a knowledgeable review by someone unaffiliated with the calculation, is performed.

**Effect:** Without the use of consistent and verifiable balances in the calculation for distributions, our ability to determine compliance with statutory requirements is limited. It would also be difficult, under this process, for the Division to implement a control to ensure the accuracy of the calculation.

Without relevant and sufficient documentation of the assumptions used in formulating the estimate and a review of the past estimate, too great of an excess distribution could be made, leading to a shortage of available cash, thus impairing the Division's ability to operate.

**Recommendation:** We recommend that the Division apply a consistent approach and use of verifiable amounts in the calculation of funds available for distribution, as well as implementing internal controls to ensure the accuracy of the calculation.

**Management's View:** *The Idaho State Liquor Division (ISLD) has reviewed the finding your office identified during the FY2017 audit of the statewide CAFR. We acknowledge the observation that a condition exists in the manner that the ISLD calculates and documents its true-up distribution to Idaho's cities, counties, and General Fund after the conclusion of a fiscal year.*

*Our process for calculating this true-up has been in place since FY2011 and has passed the scrutiny of prior LSO Audits without mention. The practice for increasing this distribution by utilizing excess idle cash was previously endorsed by LSO, DFM, and JFAC. Your memo mentions that our revised approach "increased the distribution above the required amount." In our view, this assertion is incorrect and we feel strongly that our approach brings us in to better and more responsible compliance with Idaho Code. The suggestion that our process might lead to a cash shortage is highly implausible based on the nature of our business cycles, consumer behavior, and cash flow predictability.*

*Nonetheless, we do recognize that the manner in which we document and administer this process can be improved, and we will modify our procedure prior to the next true-up distribution in FY2019. Going forward, we will more thoroughly maintain documentation of all General Ledger balances and cash flow estimates used in the calculation of the true-up distribution. Additionally, we will ensure that an individual unaffiliated with the calculation will verify its accuracy and any assumptions utilized.*

**Auditor's Concluding Remarks:** We thank the Division for its cooperation and assistance throughout the audit. We would like to emphasize that this finding is not implying a problem with the basic methodology that the Division utilized to increase the distribution of excess idle cash. The concern identified in the condition statement above is the lack of internal controls in place to ensure that this methodology is documented and executed as intended and reviewed for accuracy by knowledgeable staff to ensure errors do not occur and go undetected and uncorrected. The corrective action plan provided will not be complete until July 2018, so this finding will remain open until we complete a review as part of our audit work to support the fiscal year 2018 *Comprehensive Annual Financial Report*.

STATE OF IDAHO INTERNAL CONTROL REPORT  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

---

**State Agency:** Idaho State Liquor Division

**Finding Number 2017-101:** Statutorily required distributions of excess funds are not supported by adequate documentation, and controls are not in place to ensure the accuracy of the amount distributed.

**Related to Prior Finding:** N/A

**Corrective Action:** The Idaho State Liquor Division (ISLD) has reviewed the finding your office identified during the FY 2017 audit of the statewide CAFR. We acknowledge the observation that a condition exists in the manner that the ISLD calculates and documents its true-up distribution to Idaho's cities, counties, and General Fund after the conclusion of a fiscal year.

Our process for calculating this true-up has been in place since FY 2011 and has passed the scrutiny of prior LSO Audits without mention. The practice for increasing this distribution by utilizing excess idle cash was previously endorsed by LSO, DFM, and JFAC. Your memo mentions that our revised approach "increased the distribution above the required amount." In our view, this assertion is incorrect and we feel strongly that our approach brings us in to better and more responsible compliance with Idaho Code. The suggestion that our process might lead to a cash shortage is highly implausible based on the nature of our business cycles, consumer behavior, and cash flow predictability.

Nonetheless, we do recognize that the manner in which we document and administer this process can be improved, and we will modify our procedure prior to the next true-up distribution in FY 2019. Going forward, we will more thoroughly maintain documentation of all General Ledger balances and cash flow estimates used in the calculation of the true-up distribution. Additionally, we will ensure that an individual unaffiliated with the calculation will verify its accuracy and any assumptions utilized.

**Anticipated Corrective Action Date:** Prior to the true-up distribution in fiscal year 2019.

**Responsible for Corrective Action:** Jeffery R. Anderson  
Phone: 208-947-9403  
jeff.anderson@liquor.idaho.gov  
1349 E Beechcraft Ct  
Boise, ID 83716

## State Liquor Division

### FY 2019 JFAC Action

	FTP	Gen	Ded	Fed	Total
<b>FY 2018 Original Appropriation</b>	<b>224.00</b>	<b>0</b>	<b>20,156,400</b>	<b>0</b>	<b>20,156,400</b>
<b>FY 2018 Total Appropriation</b>	<b>224.00</b>	<b>0</b>	<b>20,156,400</b>	<b>0</b>	<b>20,156,400</b>
<b>FY 2018 Estimated Expenditures</b>	<b>224.00</b>	<b>0</b>	<b>20,156,400</b>	<b>0</b>	<b>20,156,400</b>
Removal of Onetime Expenditures	0.00	0	(921,500)	0	(921,500)
Base Adjustments	0.00	0	72,000	0	72,000
<b>FY 2019 Base</b>	<b>224.00</b>	<b>0</b>	<b>19,306,900</b>	<b>0</b>	<b>19,306,900</b>
Benefit Costs	0.00	0	(332,600)	0	(332,600)
Inflationary Adjustments	0.00	0	117,400	0	117,400
Replacement Items	0.00	0	276,700	0	276,700
Statewide Cost Allocation	0.00	0	6,400	0	6,400
Change in Employee Compensation	0.00	0	272,600	0	272,600
<b>FY 2019 Program Maintenance</b>	<b>224.00</b>	<b>0</b>	<b>19,647,400</b>	<b>0</b>	<b>19,647,400</b>
<b>Line Items</b>					
1. Relocate or Remodel Seven Stores	0.00	0	525,800	0	525,800
2. Two New Liquor Stores	4.00	0	738,100	0	738,100
3. Additional Labor for Liquor Stores	0.00	0	138,100	0	138,100
4. Warehouse Improvements	0.00	0	24,000	0	24,000
5. Restore Deputy Director Position	1.00	0	131,100	0	131,100
6. Online Training Resources	0.00	0	6,000	0	6,000
7. Furnishings for Newly Built Office Spac	0.00	0	36,000	0	36,000
8. Software Enhancements	0.00	0	99,800	0	99,800
9. Warehouse Career Ladder Restructurin	0.00	0	64,600	0	64,600
10. Add Sunday Hours of Operation	0.00	0	0	0	0
<b>FY 2019 Total</b>	<b>229.00</b>	<b>0</b>	<b>21,410,900</b>	<b>0</b>	<b>21,410,900</b>
Chg from FY 2018 Orig Approp.	5.00	0	1,254,500	0	1,254,500
% Chg from FY 2018 Orig Approp.	2.2%		6.2%		6.2%

# State Liquor Division

Analyst: Smith

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2018 Total App</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Approp</b>	<b>FY 2020 Request</b>	<b>FY 2020 Gov Rec</b>
<b>BY FUND CATEGORY</b>					
Dedicated	20,156,400	19,450,600	21,410,900	22,865,800	22,229,200
Percent Change:		(3.5%)	10.1%	6.8%	3.8%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	13,238,000	12,829,200	13,786,700	14,221,600	14,249,400
Operating Expenditures	6,218,900	6,067,500	6,694,500	7,135,400	7,071,000
Capital Outlay	699,500	553,900	929,700	1,508,800	908,800
<b>Total:</b>	<b>20,156,400</b>	<b>19,450,600</b>	<b>21,410,900</b>	<b>22,865,800</b>	<b>22,229,200</b>
Full-Time Positions (FTP)	224.00	224.00	229.00	240.00	240.00

## Division Description

The mission of the Idaho State Liquor Division is to provide control over the importation, distribution, sale, and consumption of distilled spirits; curtail intemperate use of beverage alcohol; and responsibly optimize the net revenues to the citizens of Idaho. The division has the following general powers and duties:

- (a) Regulation of Liquor Traffic: to permit, license, inspect, and regulate the manufacture, importation, transportation, storage, sale, and delivery of alcoholic liquor for purposes permitted by law;
- (b) Traffic in Liquor: to buy, import, transport, store, sell, and deliver alcoholic liquor;
- (c) Operation of Liquor Stores: to establish, maintain, and discontinue warehouses, state liquor stores and distribution stations;
- (d) Acquisition of Real Estate: to acquire, buy and lease real estate, and improve and equip the same for the conduct of its business;
- (e) Acquisition of Personal Property: to acquire, buy, and lease personal property necessary and convenient for the conduct of its business; and
- (f) Making Reports: to report to the Governor annually and at such other times as he may require, concerning the condition, management, and financial transactions of the agency.

The Liquor Division is charged with exercising its powers as to curtail the intemperate use of alcoholic beverages. It shall not attempt to stimulate the normal demands of temperate consumers of alcohol, irrespective of the effect on the revenue derived by the state from the resale of intoxicating liquor.

Statutory Authority: Section 23-203, Idaho Code.

# State Liquor Division

## Agency Profile

Analyst: Smith

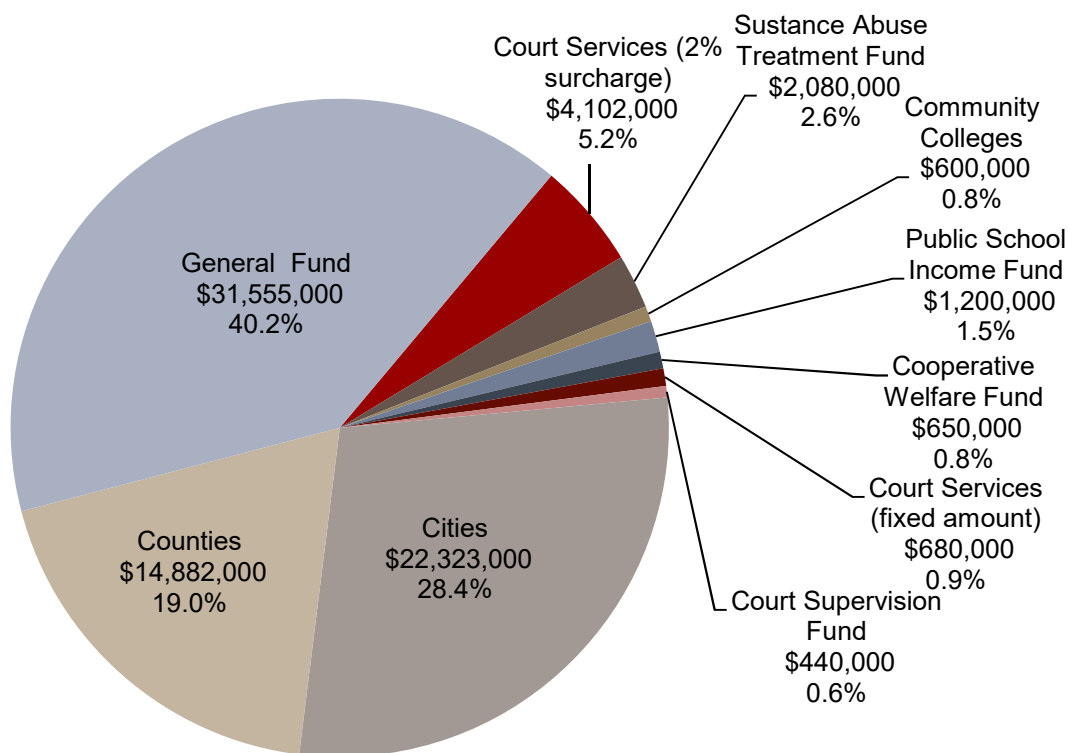
### LIQUOR PROFIT DISTRIBUTION FORMULA

#### Pursuant to Section 23-404, Idaho Code:

1. Two percent surcharge on liquor sales collected and credited monthly to the Drug Court, Mental Health Court, and Family Court Services Fund (referenced below as Court Services).
2. Of the remaining amount, 50% of profits are distributed as follows:
  - a. Annual fixed distributions totaling \$5,650,000 to the Substance Abuse Treatment Fund, Community Colleges, Public School Income Fund, Cooperative Welfare Fund, Court Services Fund, and the Court Supervision Fund.
  - b. Remaining balance to the General Fund.
3. The remaining 50% of profits are distributed as follows:
 

60% to Cities (90% to cities with liquor stores, in proportion to sales; and 10% to cities without liquor stores, in proportion to population) and 40% to Counties, in proportion to sales.

### FY 2018 DISTRIBUTIONS TOTALED \$78,512,000



**Changes for FY 2019:** Pursuant to H365 of 2018, the distribution to Community Colleges will increase by \$200,000 for the College of Eastern Idaho. Pursuant to H643 of 2018, the combined distribution to cities and counties will be reduced by 3% each year for five years (to 15% by 2023) and that amount will be allocated to the District Court Fund for magistrate court operations.



# State Liquor Division

Analyst: Smith

## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2019 Original Appropriation</b>	<b>229.00</b>	<b>0</b>	<b>21,410,900</b>	<b>229.00</b>	<b>0</b>	<b>21,410,900</b>
Removal of Onetime Expenditures	0.00	0	(984,500)	0.00	0	(984,500)
<b>FY 2020 Base</b>	<b>229.00</b>	<b>0</b>	<b>20,426,400</b>	<b>229.00</b>	<b>0</b>	<b>20,426,400</b>
Benefit Costs	0.00	0	38,900	0.00	0	(129,800)
Inflationary Adjustments	0.00	0	96,400	0.00	0	96,400
Replacement Items	0.00	0	408,800	0.00	0	408,800
Statewide Cost Allocation	0.00	0	31,500	0.00	0	31,500
Change in Employee Compensation	0.00	0	109,900	0.00	0	293,700
<b>FY 2020 Program Maintenance</b>	<b>229.00</b>	<b>0</b>	<b>21,111,900</b>	<b>229.00</b>	<b>0</b>	<b>21,127,000</b>
1. Upgrade Accounting ERP Software	0.00	0	600,000	0.00	0	0
2. Relocate or Remodel Nine Stores	0.00	0	761,700	0.00	0	761,700
3. Convert Group Positions to Full-Time	7.00	0	107,900	7.00	0	121,600
4. Four New Warehouse Employees	4.00	0	174,300	4.00	0	173,300
5. Consumer Website Redesign	0.00	0	80,000	0.00	0	0
6. Warehouse Pallet Jacks	0.00	0	30,000	0.00	0	30,000
GOV TECH 1. Network Equip Replacement	0.00	0	0	0.00	0	15,600
<b>FY 2020 Total</b>	<b>240.00</b>	<b>0</b>	<b>22,865,800</b>	<b>240.00</b>	<b>0</b>	<b>22,229,200</b>
Change from Original Appropriation	11.00	0	1,454,900	11.00	0	818,300
% Change from Original Appropriation			6.8%			3.8%

# State Liquor Division

Analyst: Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2019 Original Appropriation</b>					
	229.00	0	21,410,900	0	21,410,900

## Removal of Onetime Expenditures

This action removes amounts appropriated in FY 2019 for onetime replacement items (\$276,700 for store repairs and maintenance, one vehicle, and warehouse equipment) and onetime portions of line items (\$395,800 to remodel/relocate stores, \$240,000 for two new stores, \$24,000 for warehouse equipment, \$36,000 for office furniture and cubicles, \$12,000 for security software).

Agency Request	0.00	0	(984,500)	0	(984,500)
Governor's Recommendation	0.00	0	(984,500)	0	(984,500)

<b>FY 2020 Base</b>					
Agency Request	229.00	0	20,426,400	0	20,426,400
Governor's Recommendation	229.00	0	20,426,400	0	20,426,400

## Benefit Costs

Employer-paid benefit changes include a 5.5% increase for PERSI regular retirement and adjustments to workers' compensation that vary by agency. Agencies were directed to budget \$11,650 per eligible FTP for health insurance, which is the same amount in the current fiscal year.

Agency Request	0.00	0	38,900	0	38,900
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The Governor recommends \$11,020 per eligible FTP for health insurance, which is a decrease of \$630, or 5.4%, from the previous year; a temporary rate reduction for agencies that pay the Division of Human Resources for its services; and the PERSI Board's decision to increase the employer contribution by 5.5%.

Governor's Recommendation	0.00	0	(129,800)	0	(129,800)
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## Inflationary Adjustments

The agency requests \$96,400 in ongoing operating expenditures from the Liquor Control Fund for inflationary adjustments. Of this amount, \$13,900 is requested as general inflation for utilities and repair/maintenance costs and \$82,500 is requested as contract inflation for escalations in liquor store lease rates and common area maintenance charges including insurance and property tax pass-throughs.

Agency Request	0.00	0	96,400	0	96,400
Governor's Recommendation	0.00	0	96,400	0	96,400

## Replacement Items

The agency requests \$408,800 onetime from the Liquor Control Fund for the following repairs and replacement items: \$122,600 for warehouse equipment, \$17,200 for central office IT equipment, \$222,000 for store equipment and repairs, \$22,000 for data back-up, and \$25,000 in onetime operating expenditures for retail employee attire.

Agency Request	0.00	0	408,800	0	408,800
Governor's Recommendation	0.00	0	408,800	0	408,800

## Statewide Cost Allocation

This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will decrease by \$1,000, risk management costs will increase by \$16,000, State Controller fees will increase by \$15,800, and State Treasurer fees will increase by \$700, for a net increase of \$31,500.

Agency Request	0.00	0	31,500	0	31,500
Governor's Recommendation	0.00	0	31,500	0	31,500

## Change in Employee Compensation

For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.

Agency Request	0.00	0	109,900	0	109,900
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The Governor recommends a 3% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions.

Governor's Recommendation	0.00	0	293,700	0	293,700
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# State Liquor Division

Analyst: Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2020 Program Maintenance</b>					
Agency Request	229.00	0	21,111,900	0	21,111,900
Governor's Recommendation	229.00	0	21,127,000	0	21,127,000

## 1. Upgrade Accounting ERP Software

The agency requests \$600,000 in onetime capital outlay from the Liquor Control Fund to purchase an upgraded version of its enterprise resource planning (ERP) software used for accounting. The Liquor Division implemented Accpac version 6.5 in 2001, and now plans to upgrade to Accpac version 7.6. In FY 2018, the agency was appropriated \$75,000 to hire a consultant to advise on solutions for upgrading the division's accounting, warehouse management, and point of sale systems. The consultant conducted a request for information and made recommendations, which provided the basis for the Liquor Division's cost estimate for this request as well as the decision to update the current ERP software rather than replace its accounting system. At this time, the agency is only requesting funding for the accounting ERP and not for upgrades or replacements of its warehouse management or point of sale systems. According to the agency, the current software is written in an aging programming language, but the agency expects to derive value from the software for at least 10 more years. The ERP includes inventory control, purchasing, general ledger, banking, accounts payable, and fixed assets modules and will interface with the Liquor Division's warehouse management and point of sale systems.

Agency Request	0.00	0	600,000	0	600,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

## 2. Relocate or Remodel Nine Stores

The agency requests \$761,700 from the Liquor Control Fund to remodel and/or relocate nine stores in Meridian, Nampa, Eagle, Twin Falls, Pocatello, Idaho Falls, Hailey, Rathdrum, and Lewiston. Of this amount, \$11,700 is in onetime personnel costs for part-time labor, \$35,000 is in onetime operating expenditures for moving costs, \$495,000 is in onetime capital outlay for furniture and fixtures, and \$220,000 is in ongoing operating expenditures for increases in rent and utilities. The store relocations aim to improve customer service and convenience by coordinating the location of state-run stores in more optimal retail locations. Based on historical trends, the agency anticipates that these enhancements will generate incremental sales and pay back project costs in one to two years.

Agency Request	0.00	0	761,700	0	761,700
Governor's Recommendation	0.00	0	761,700	0	761,700

## 3. Convert Group Positions to Full-Time

The agency requests \$107,900 in ongoing personnel costs from the Liquor Control Fund to hire six full-time, classified liquor store clerks to replace approximately 14,600 hours worked by temporary employees. The six positions would be filled at pay grade F with full benefits. According to the agency, its largest liquor stores operate best with at least one classified employee in the store at all times as these employees have proven to be more consistent and reliable. The agency has approximately 169 classified store employees and 131 temporary employees. This request would not result in additional store hours, but would reduce the reliance on temporary staff.

Agency Request	7.00	0	107,900	0	107,900
<i>Recommended by the Governor with changes for benefits and compensation.</i>					
Governor's Recommendation	7.00	0	121,600	0	121,600

# State Liquor Division

Analyst: Smith

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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## 4. Four New Warehouse Employees

The agency requests 4.00 FTP and \$174,300 in ongoing personnel costs from the Liquor Control Fund to hire four additional full-time warehouse employees to expand warehouse operating hours. The additional employees would work new staggered or flex receiving shifts to accommodate a longer receiving schedule to manage the increased volume of orders. According to the agency, the Liquor Division has experienced a 40% growth in product volume in the past decade and has maintained the same amount of inventory space, resulting in a need to expand its receiving hours to accommodate increased flow of product in and out of the warehouse. In the past 10 years the warehouse has regularly operated with 18 to 20 employees on a consistent basis but is experiencing increased demand.

Agency Request	4.00	0	174,300	0	174,300
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*Recommended by the Governor with changes for benefits and compensation.*

Governor's Recommendation	4.00	0	173,300	0	173,300
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## 5. Consumer Website Redesign

The agency requests \$80,000 in onetime operating expenditures from the Liquor Control Fund to redesign its consumer website, MixBlendEnjoy.com, and to migrate service portals used by suppliers, brokers, licensees, and contractors from the agency's state-hosted website (liquor.idaho.gov) to its consumer website (MixBlendEnjoy.com). The consumer website utilizes a database with greater capacity than the state-hosted website, so migrating the service portals will enable higher volumes of users to log in to their accounts online to conduct business with the Liquor Division. In addition, the agency would like to modernize the user interface and mobile-friendliness of the store locations page and product search page on its consumer website as these pages are the most frequently visited.

Agency Request	0.00	0	80,000	0	80,000
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*Not recommended by the Governor.*

Governor's Recommendation	0.00	0	0	0	0
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## 6. Warehouse Pallet Jacks

The agency requests \$30,000 in onetime capital outlay to purchase two rider pallet jacks. Rider pallet jacks are used to assemble freight orders for shipment to retail stores on a daily basis. In addition to increased warehouse personnel, the agency requests additional equipment to keep up with the increased volume of product being shipped to state liquor stores. The agency states this will delay the need for additional physical warehouse space.

Agency Request	0.00	0	30,000	0	30,000
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Governor's Recommendation	0.00	0	30,000	0	30,000
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## GOV TECH 1. Network Equip Replacement

Agency Request	0.00	0	0	0	0
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*The Governor recommends onetime funding for the replacement of the state's core network equipment and this amount reflects this agency's share of that cost.*

Governor's Recommendation	0.00	0	15,600	0	15,600
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## FY 2020 Total

Agency Request	240.00	0	22,865,800	0	22,865,800
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Governor's Recommendation	240.00	0	22,229,200	0	22,229,200
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Agency Request

Change from Original App	11.00	0	1,454,900	0	1,454,900
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% Change from Original App	4.8%		6.8%		6.8%
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Governor's Recommendation

Change from Original App	11.00	0	818,300	0	818,300
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% Change from Original App	4.8%		3.8%		3.8%
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# State Liquor Division, FY 2020, Replacement Items

Analyst: Smith

	Quantity in Stock	Quantity Desired	Average Unit Cost	Total Request	Governor's Recommendation Quantity	Governor's Recommendation Total
Back-up Data Solution	1	1	\$22,000	\$22,000	1	\$22,000
Central Office IT Equipment	20	20	\$860	\$17,200	20	\$17,200
Retail Employee Attire	1,800	1,000	\$25	\$25,000	1,000	\$25,000
Store Equipment and Repairs	460	99	\$4,170	\$222,000	99	\$222,000
Warehouse Equipment	28	14	\$20,767	\$122,600	14	\$122,600
<b>Grand Total</b>		<b>1,134</b>		<b>\$408,800</b>	<b>1,134</b>	<b>\$408,800</b>

Request by Fund	Agency Request	Governor's Recommendation
Liquor Control Fund	\$ 408,800	\$ 408,800
<b>TOTAL</b>	<b>\$ 408,800</b>	<b>\$ 408,800</b>